IN THE NEWS

Alabama Banks in Deal

NEW YORK — Two Alabama banking companies, Colonial BancGroup, Montgomery, and Farmers and Merchants Bank, Foley, have signed a letter of intent to affiliate Farmers and Merchants with Colonial. Terms were not disclosed, pending approval of the deal by regulators and Farmers and Merchants stockholders. Colonial BancGroup has $898.5 million in assets, and Farmers and Merchants has $115.4 million in assets.

Mergers,Acquisitions

Household's Rosy Outlook

PROSPECT HEIGHTS, Ill. — Household International Inc. should see a 15% to 20% rise in its earnings per share this year from 1985, according to Donald C. Clark, chairman and chief executive. Last year, the company earned $3.65 a share. Mr. Clark said the company expects each of Household's businesses to improve this year, with especially healthy results predicted for the second half.

First City's Ratings Fall

CHICAGO — Duff & Phelps said it lowered its ratings of some of First City Bancorporation of Texas' debt and preferred stock securities. These rating changes affect approximately $424 million of securities of the Houston-based First City. Separately, the certificate of deposit rating of the lead bank, First City National Bank of Houston, has been retained at its current level.

Disclosure Plan Assessed

WASHINGTON — Federal regulators are considering a common disclosure plan for banks requiring them to annually submit a "short, simple statement" noting their financial condition, business plans, and other data required by securities laws, said L. William Seidman, chairman of the Federal Deposit Insurance Corp. "We believe these disclosures could enhance the stock of valuable public information concerning banks," Mr. Seidman told a banking conference last week in Scotland. An FDIC spokesman said he expects the agency to renew a moratorium expiring June 30 on considering regulators' bank disclosure proposals until the common disclosure plan is completed.

Decree on Redlining Ends

WASHINGTON — The Justice Department recently ended a 38-year-old consent decree that resolved a civil antitrust suit against a number of New York City banks and insurance companies. The decree concluded a 1946 suit alleging that the companies conspired to set mortgage interest rates, payment schedules, and appraisal procedures as well as to engage in redlining. Most of New York's larger commercial banks and thrifts were named in the suit.

— Compiled by Gordon F. Light

Commonwealth Is Top Thrift Mortgage Servicer

By IRENE APPLEBAUM

NEW YORK — Mortgage loans serviced for investors by the top 100 thrifts in the field totaled $144 billion on Sept. 30, according to a newly expanded *American Banker* survey of thrifts in mortgage banking.

Commonwealth Savings Association, Houston, ranked first in the survey. It had $9.9 billion in loan servicing for others on Sept. 30. However, the servicing function for the $1.5 billion-asset thrift is actually performed by its mortgage company subsidiary, Commonwealth Mortgage Corp., Houston. Commonwealth Mortgage was the sixth largest mortgage company at yearend 1985, with $9.2 billion in servicing.

Table of Top 100 Thrifts in Mortgage Servicing
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Among the top 100 thrifts, the volume of mortgages serviced for investors ranged from a low of $400 million to nearly $10 billion. Thirty-seven institutions had servicing in excess of $1 billion.

(A listing of the top 100 banks and mortgage companies in mortgages serviced for others was published in Monday's edition.)

The survey is based on the report of condition submitted by federally insured institutions to the Federal Home Loan Bank Board. Data were provided by ADP's Data Services Division, New York, from their computer file of these reports. Sept. 30, 1985, data are the latest available. Included are thrifts that have mortgage company subsidiaries that actually perform the servicing function.

On Aug. 3, 1985, Commonwealth Savings purchased the General Electric Mortgage Corp., Portland, Ore., from General Electric Credit Corp. General Electric Mortgage is now doing business as Commonwealth Western Mortgage Corp. and ranked 50th among mortgage companies in servicing, with $2.9 billion on Dec. 31.

Based on the combined servicing in its two mortgage company subsidiaries, Commonwealth Savings is the sixth largest mortgage servicer among all servicers — thrifts, banks, and mortgage companies — with $12.1 billion on Dec. 31.

American Savings & Loan Association in Stockton, Calif., was the second largest thrift in mortgage servicing, with $9.4 billion on Sept. 30, 1985, up 22% from $7.7 billion a year earlier. With nearly $28 billion in assets as of third-quarter 1985, it is the largest institution in the survey.

Thrifts from California and Texas dominate the survey both in terms of their number and the dollar volume of loan

Mortgage: Page 19 ➤

Will raising capital make your stock the next take-over target?

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Top 100 Thrifts in Mortgages Serviced for Others

September 30, 1985 Compared with September 30, 1984

(Thousands of Dollars)

Compiled by American Banker Copyright 1986

Rank 9/30/85		Loans Serviced for Others 9/30/85	9/30/84	% Chg.	Loan Servicing Fees 9/30/85	9/30/84	Total Assets 9/30/85	9/30/84
1	Commonwealth Savings Association, Houston	9,912,636	—	.....	9,709	NA	1,520,180	893,565
2	American Savings & Loan Asen., Stockton, Calif.	9,417,346	7,708,585	22.2%	NA	NA	27,591,634	31,219,345
3	Home Savings of America, FA, Los Angeles	6,603,899	6,148,100	7.4%	10,685	7,204	24,616,558	23,700,615
4	Gill Savings Association, Hondo, Tex.	6,089,000	5,709,087	6.7%	3,333	2,438	1,474,599	1,334,790
5	Homestead Savings FS&LA, San Francisco	5,863,130	2,953,696	98.5%	5,817	6,745	4,010,293	2,805,735
6	City Federal Savings & Loan Asen., Elizabeth, N.J.	5,620,302	3,143,566	78.8%	3,596	2,363	8,029,958	7,318,096
7	Mercury Savings Asen., Wichita Falls, Tex.	5,088,112	5,047,699	0.8%	316	135	808,916	578,889
8	Pacific First Federal Savings, Tacoma, Wash.	3,323,993	256,923	1193.8%	3,324	163	2,906,059	2,479,665
9	Home Federal Savings & Loan Asen., San Diego, Calif.	3,168,900	2,746,917	15.4%	3,137	2,228	9,651,383	8,333,265
10	Colonial Savings & Loan Asen., Fort Worth, Tex.	2,989,841	2,575,431	16.1%	3,106	2,571	506,201	358,783
11	Home Owners Federal Savings & Loan Asen., Boston	2,973,000	762,651	289.8%	9,723	459	1,048,721	741,000
12	Coast Savings & Loan Association, Los Angeles	2,858,552	2,512,106	13.8%	1,083	912	6,659,457	5,789,659
13	Standard Federal Savings & Loan Asen., Gaithersburg, Md.	2,730,989	2,269,466	20.3%	2,388	1,669	1,003,799	1,034,418
14	Great Western Savings FS & LA, Beverly Hills	2,654,031	1,801,229	47.3%	2,849	1,925	23,050,805	21,116,371
15	Great American First Savings Bank, San Diego	2,538,818	2,042,954	24.3%	1,520	1,580	7,779,473	6,454,247
16	California Federal Savings & Loan Asen., Los Angeles	2,508,109	1,985,760	26.3%	1,123	744	17,259,077	16,931,627
17	First Nationwide Savings FS&LA, San Francisco	2,461,957	1,580,969	55.7%	1,765	1,048	10,922,092	9,313,100
18	Standard Federal Bank, Troy, Mich.	1,992,445	1,400,660	42.3%	1,408	890	5,711,145	5,192,939
19	Gibraltar Savings, Beverly Hills	1,949,643	1,443,373	35.1%	7	8	7,964,283	8,462,152
20	Amerifirst Federal Savings & Loan Asen., Miami	1,837,584	842,825	118.0%	643	158	4,206,575	3,939,350
21	Glendale FS&LA, Calif.	1,799,626	2,415,659	-25.5%	832	930	13,477,283	11,157,743
22	Comfed Savings Bank, Lowell, Mass.	1,781,766	979,213	82.0%	933	510	862,980	749,504
23	Victor Federal S&LA, Muskogee, Okla.	1,744,031	20,302	8490.4%	9	NA	467,911	374,342
24	First Federal Savings Bank of Phoenix	1,684,233	1,400,150	20.3%	1,419	1,169	4,958,014	3,933,248
25	Central Savings & Loan Asen., San Diego	1,381,862	1,520,040	-9.1%	389	610	2,268,515	2,578,531
26	Cenlar Federal Savings Bank, Pennington, NJ	1,312,779	612,657	114.3%	1,483	628	308,656	191,446
27	Gibraltar Savings Association, Houston	1,287,820	317,914	305.1%	2	5	4,528,203	4,024,998
28	Beverly Hills Savings FS&LA	1,282,281	775,133	65.4%	274	184	2,540,461	2,713,766
29	First Texas Savings Association, Dallas	1,258,151	905,177	39.0%	NA	1,300	3,644,094	3,679,221
30	Imperial Savings Association, San Diego	1,256,553	836,560	50.2%	538	71	7,660,284	6,744,970
31	University Savings Association, Houston	1,227,197	1,211,481	1.3%	NA	NA	3,776,319	3,143,980
32	Buckeye Federal Savings & Loan Association, Columbus, Ohio	1,110,147	346,593	220.3%	866	255	1,323,287	1,234,599
33	Citicorp Savings of Illinois, Chicago	1,108,914	1,227,399	-9.7%	829	1,021	4,456,844	3,953,517
34	Sears Savings Bank, Glendale, Calif.	1,079,436	1,119,361	-3.6%	968	1,050	5,984,163	5,180,223
35	American Savings & Loan Asen., Salt Lake City, Utah	1,055,288	614,160	71.8%	1,068	554	2,831,617	2,578,274
36	Perpetual American Bank, FSB, McLean, Va.	1,021,694	890,577	14.7%	986	1,111	3,996,673	3,596,220
37	Transohio Savings Bank, FSB, Cleveland	1,016,534	291,654	248.5%	1,359	776	3,171,923	2,677,694
38	Albuquerque Federal Savings & Loan Asen., N.M.	969,845	705,611	37.4%	1,311	929	1,579,148	1,424,891
39	Dominion Federal Savings & Loan Asen., McLean, Va.	947,064	507,306	86.7%	348	229	1,392,872	1,128,441
40	Downey Savings & Loan Asen., Costa Mesa, Calif.	946,719	1,029,484	-8.0%	946	1,047	2,289,350	2,194,617
41	First Southern Federal Savings & Loan Asen., Mobile, Ala.	913,591	366,111	149.5%	696	531	1,958,896	1,196,213
42	Georgia Federal Bank, FSB, Atlanta	866,652	355,827	143.6%	NA	NA	2,460,757	2,313,179
43	Atlantic Financial Federal, Bala Cynwyd, Pa.	857,985	754,782	13.7%	NA	5	3,840,339	3,243,958
44	Union Federal Savings & Loan Asen., Los Angeles	856,504	950,854	-9.9%	135	381	1,285,822	1,137,757
45	United Savings Association of Texas, Houston	851,253	1,337,318	-36.3%	1,182	551	4,405,202	3,524,201
46	Mercury Savings & Loan Asen., Huntington Beach, Calif.	818,918	636,367	28.7%	NA	NA	2,062,812	1,990,061
47	Empire of America, FSB, Fort Worth, Tex.	797,774	540,844	47.5%	1,406	279	2,702,419	2,337,635
48	Western Federal Savings & Loan Asen., Marina del Rey, Calif.	792,876	614,317	29.1%	1,287	24	1,430,217	1,262,658
49	Bright Banc Savings Association, Dallas	786,439	34,636	2170.6%	28	22	2,064,021	261,838
50	Savings Bank of Puget Sound, FSB, Seattle	784,411	NA	NA	897	NA	990,257	NA
51	Sunbelt Savings Asen., Dallas	761,831	45,073	1590.2%	711	21	3,025,475	776,919
52	First Federal Savings & Loan Asen., Rochester, N.Y.	754,934	786,443	-4.0%	777	782	4,525,344	4,309,753
53	Far West Savings & Loan Asen., Newport Beach, Calif.	748,348	393,126	90.4%	258	276	2,343,336	1,811,066
54	Valley Federal Savings & Loan Asen., Van Nuys, Calif.	739,713	644,392	14.8%	999	702	2,527,075	2,624,727
55	Decatur Federal Savings & Loan Asen., Ga.	717,180	437,312	64.0%	221	225	1,786,164	1,620,931
56	Leader Federal Savings & Loan Asen., Memphis, Tenn.	713,632	525,874	35.7%	542	923	1,645,727	1,574,161
57	World Savings & Loan Asen. FS&LA, Oakland, Calif.	700,070	726,015	-3.6%	686	544	12,190,694	10,010,989
58	Far West Federal Bank, SB, Portland, Ore.	699,510	399,805	75.0%	279	193	1,996,866	2,248,025
59	Pathway Financial FA, Chicago	694,938	669,376	3.8%	NA	2	1,274,635	1,248,599
60	Farm & Home Savings Asen., Nevada, Mo.	677,270	690,435	-1.9%	550	574	2,921,248	2,750,893
61	Bay View Federal Savings & Loan Asen., San Mateo, Calif.	664,554	302,405	119.8%	240	93	1,315,095	1,415,616
62	Vernon Savings & Loan Asen., Tex.	659,476	392,810	67.9%	40	NA	1,143,580	800,981
63	Community Federal Savings & Loan Asen., St. Louis	659,291	233,709	182.1%	591	NA	3,602,038	3,598,329
64	First Federal Savings & Loan Asen., Minneapolis	641,732	659,033	-2.6%	203	259	1,585,790	1,712,442
65	Duval Federal Savings & Loan Asen., Jacksonville, Fla.	630,784	460,926	36.9%	841	736	1,022,604	813,274
66	Horizon Financial, FA, Southampton, Pa.	593,843	295,043	101.3%	198	137	1,752,711	1,445,679
67	Western Savings & Loan Asen., Phoenix	578,490	409,430	41.3%	860	414	4,592,998	4,130,053
68	Empire Savings Bank & Loan Asen., Denver	548,871	590,552	-7.1%	148	167	1,983,213	1,654,181
69	Cardinal Federal Savings Bank, Cleveland	548,840	227,457	141.3%	204	153	1,579,065	1,396,420
70	National Permanent Bank, FSB, Washington, D.C.	548,589	617,024	-11.1%	652	70	1,131,580	1,151,868
71	Fulton Federal Savings & Loan Asen., Atlanta	545,907	453,687	20.3%	511	399	1,965,637	1,813,566
72	Investors Savings & Loan Asen., Richmond, Va.	540,417	232,113	132.8%	282	162	896,278	716,479
73	Bell Savings & Loan Asen., San Mateo, Calif.	535,084	543,766	-1.6%	1	NA	1,701,335	1,940,231
74	First Federal Savings & Loan Asen., Greenville, N.C.	531,674	275,443	93.0%%	245	20	1,779,859	1,639,171
75	Fortune Federal Savings & Loan Asen., Clearwater, Fla.	529,295	113,945	364.5%	484	126	2,050,949	1,596,360
76	Lamar Savings Asen., Austin, Tex.	529,031	253,239	108.9%	1,740	44	1,733,246	1,471,321
77	Washington Federal Savings & Loan Asen., Washington, D.C.	527,156	444,093	18.7%	390	370	853,240	758,009
78	Hill Financial Savings & Loan Asen., Red Hill, Pa.	525,014	367,502	42.9%	374	214	2,336,481	2,002,834
79	United Savings & Loan Asen., Ogden, Utah	518,732	479,634	8.2%	489	436	177,394	123,287
80	Dime Savings Bank of New York	509,066	81,299	526.2%	49	36	7,901,249	6,825,931
81	Bank Western Federal Savings Bank, Denver	507,438	603,760	-16.0%	376	545	3,029,167	2,961,750
82	Lincoln Savings & Loan Asen., Los Angeles	504,609	367,954	37.1%	388	147	2,657,757	1,709,070
83	Columbia Savings & Loan Asen., Beverly Hills	500,300	146,820	240.8%	203	157	6,102,971	4,861,338
84	Columbia Savings FS&LA, Englewood, N.J.	493,661	521,289	-5.3%	434	528	2,417,444	2,395,861
85	Great Western Savings Bank, Bellevue, Wash.	493,071	491,535	0.3%	490	510	699,955	557,877
86	Loyola Federal Savings & Loan Asen., Baltimore	483,350	419,815	15.1%	437	389	1,471,660	1,364,274
87	People Heritage Federal Savings & Loan Asen., Salina, Kan.	480,388	291,390	64.9%	46	27	1,339,288	649,469
88	Long Island Savings Bank, Syosset, N.Y. (Centereach Division)	472,623	476,940	-0.9%	309	433	2,985,165	2,728,971
89	Severs Federal Savings & Loan Asen., Little Rock, Ark.	471,182	370,046	27.3%	430	68	947,615	951,429
90	Guarantee Savings FS&LA, Fresno, Calif.	466,597	416,180	12.1%	465	348	2,689,972	2,557,080
91	First Federal of Arkansas, FA, Little Rock	464,211	437,806	6.0%	507	275	1,742,537	1,599,931
92	Boston Five Cents Savings Bank	462,721	314,535	47.1%	464	296	1,663,043	1,375,055
93	Northeast Savings, FA, Hartford, Conn.	449,041	331,851	35.3%	29	196	4,102,143	3,661,500
94	First Federal of Michigan, Detroit	448,952	387,727	15.8%	121	82	9,197,321	8,627,501
95	First Financial Savings Asen, Stevens Point, Wis.	435,352	224,823	93.6%	1,245	259	1,915,528	1,181,621
96	First Home Fed. S&L Asen. of the Carolinas, Greensboro, N.C.	433,589	404,585	7.2%	443	439	969,197	862,648
97	Honolulu Federal Savings & Loan Asen.	425,657	359,900	18.3%	113	41	1,650,828	1,654,579
98	Firstsouth FA, Pine Bluff, Ark.	425,583	574,796	-26.0%	857	424	1,603,380	1,393,676
99	Home Federal Savings & Loan Asen., Atlanta	424,277	380,184	11.6%	339	252	215,434	159,792
100	American Savings & Loan Asen., Miami, Fla.	423,065	942,384	-55.1%	579	466	2,794,391	4,057,126
	TOTALS	144,019,569	97,593,306	48%	107,568	61,372	386,976,249	348,163,400

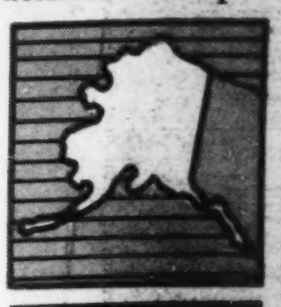
Source of Data is ADP, Data Services Division, New York, from their computer file of the Federal Home Loan Bank Board data base for FSLIC-insured institutions. The listing is based on permanent real estate mortgages serviced for others and excludes mortgages owned by the institution, as well as forward commitments, home improvement loans and all temporary financing, such as construction and development loans. Please note that several of the institutions listed here own mortgage companies which actually perform the servicing function. These mortgage companies were included in yesterday's listing of the Top 100 Mortgage Servicers Among Mortgage Companies and Commercial Banks.

Alaskans Seek to Reassure Out-of-State Lenders on Oil Outlook

Special to the American Banker

SEATTLE — Alaska bankers, worried that investors will lose faith in their state's oil-based economy, are traveling south to try to keep money flowing north.

Delegations of Alaska bankers, businessmen and politicians, including Gov. Bill Sheffield, have visited Seattle in recent weeks to reassure counterparts that the bottom is not falling out of Alaska's economy.



Their message: Because Alaska's oil patch differs structurally from that in the Southwest, the economic fallout from lower oil prices will be milder in Alaska than in Texas, Oklahoma and Louisiana.

But financing for some Alaska projects already has dried up because of news reports about Alaska's looming $1 billion budget deficit and construction cutbacks by North Slope drillers Atlantic Richfield Co., Standard Oil Co., and Exxon, said Scott Hawkins, economist for Alaska Pacific Bank, a division of KeyCorp., of Albany, N.Y.

"You won't get anybody to say they've pulled out," said Michael Burns, president of Alaska Pacific. But "there are some people who are wary about investing here right now... based on inadequate information."

Statistics on interstate transfers of capital don't exist to back up the Alaska bankers' contention. But Mr. Hawkins said the evidence is in his office every day in the form of calls from worried out-of-state lenders.

"There's been a kind of a knee-jerk reaction by a lot of the major lenders in the secondary markets," he said. Alaska projects "are now having to be vigorously defended."

Insurance companies, banks, and governmental lenders like the Federal National Mortgage Association and Federal Housing Administration are getting cold feet, Mr. Hawkins said. Fannie Mae and FHA "have had more people up here on fact-finding missions in the last three weeks than they have in the last three years."

Mr. Hawkins said his worst-case projection is for a 2% drop in employment in a recession that will last to 1990. That would be less severe than the recession of the late 1970s that followed completion of the Trans-Alaska Oil Pipeline, he said.

Mr. Hawkins said the recession will hurt Alaska less than Texas because the Alaskan oil fields are highly capital-intensive and are pumped by only three large operators that have reserves to carry them through lean times. In other oil states, hundreds or thousands of small drillers, supply and service companies are dependent on the oil fields, Mr. Hawkins said. Less than 4% of Alaska's jobs are in the North Slope oil fields.

"There's a tremendous amount of work continuing on the North Slope," Mr. Burns said. Operators have scheduled six million man-hours of work this season, and the annual sealift from Seattle to the North Slope this summer will be the largest ever, with 26 barges of oil-field modules and equipment.

Alaska has $1.5 billion cash on hand to cushion budget deficits over a period of several years. Alaska's $7 billion Permanent Fund — oil revenues held in reserve — also could be used to cushion the impact of recession.

The drop in oil prices — although

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Mortgage . . .

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servicing they represent. These two states account for $87 billion of loan servicing for others, or 60% of the total volume from the 100 thrifts in the survey.

Twenty-seven of the top 100 thrifts are located in California, with 12 of these in the top 25. Together these institutions report $55 billion in loan servicing for others. The 12 Texas thrifts account for $31 billion.

Florida and Georgia had five and four institutions, respectively, ranked among the top 100. The following states each had three thrifts among the top 100: New Jersey, New York, Ohio, Massachusetts, and Washington.

Other Survey Findings

- Loan servicing fees at the top 100 thrifts totaled $108 billion on Sept. 30, an increase of 75% from a year earlier.
- Loan servicing volume was up 48% to $144 billion from $97.2 billion a year earlier.
- Among the savings institutions with the highest ratio of loan servicing fees to loans serviced were: 12th-ranked Home Owners Federal Savings & Loan Association, Boston, and 77th-ranked Lamar Savings, Austin, Tex. Each had ratios of 0.33%.

First Financial Savings Association in Stevens Point, Wis., which ranked 96th in servicing, had the next highest ratio — 0.29%.

Data were taken from the "Quarterly Financial Report" submitted by FSLIC-insured institutions to the Federal Home Loan Bank Board. Mortgage loans serviced for investors is taken from Section F-Supplemental Data, line 380: "Mortgage Loans Serviced for Others." Mortgage servicing income is from Section D-Income, line 090, "Loan servicing fees." ■

Consignment . . .

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Butterfield. "A lot will depend on where the nontraditional savings and loan items are sold," she says.

Indeed, none of the 40 institutions presently on the management consignment program has emerged as an attractive buyout target or been judged sufficiently healthy to operate on its own, Ms. Barnes says. She predicts, however, that some situations may be resolved by the end of the year.

"When you see them coming out the other end of this program — that would be a very good sign," says California Savings and Loan Commissioner William Crawford.

As far as Ms. Bacon is concerned, though, there's at least one major challenge left: "overcoming the 'troubled' prefix to our name." ■

"Innovator." It's a term that describes us to the letter. I Because being first has become second nature to the Big E. And new ideas have become the nature of our success — success that has seen our bottom line perform a full $200 million ahead of projections we set in 1981, back when our industry transition began. I Take a look at our track record of innovation: I Eleven years ago, we headed the fight for savings bank checking accounts. I A year later, we unveiled the first shared remote banking network — Metroteller, today one of the largest in the country. I We were among the first banks to achieve a multi-state presence with our 1982 expansion into Texas, Michigan, Florida and New York. I In March, 1983, our public offering of mortgage-backed securities was the largest of its type — the first to offer investors a wide range of maturities through the serialization of coupons. I In the depths of the 1983 home-building lull, we were the first bank to offer a truly saleable adjustable rate mortgage. President Reagan wrote to thank us for "helping keep the recovery rolling." I We have introduced a home catalog of our financial services. Customers simply dial 1-800-THE BIG E to do business with us. I And now, Moneyplex: a unique concept that gathers investment, insurance, real estate and banking services under one roof. I Empire of America has secured its leadership among national thrift leaders. In fact, a study commissioned by the World Forum on Consumer Financial Services has ranked us among 12 international "creme de la creme" financial service innovators. Only four American institutions were so honored. I We have blazed new trails to find opportunity in difficult times. I We have dared to be new and different. I We have confronted change. And we have managed it — to the tune of $8 billion in assets, and over 1300 financial service outlets in 46 states. I Will Empire of America continue to boldly, shrewdly, successfully innovate? I Without question. I The "I"s have it.

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American Banker

The Daily Financial Services

VOL. CLI NO. 93 Monday, May 12, 1986 151st Year

15538900001S 5/23/86 C11
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Financial Industry May Let Public Fight for IRAs

Lobbyists Say They Are Likely to Rely on Constituent Pressure to Thwart Senate Committee's Plan

By BARTLETT NAYLOR

WASHINGTON — What promises to be one of the strongest political campaigns waged on behalf of the financial industry may occur without involving the industry's own formidable army of lobbyists.

IRA WATCH

At issue is the tax deduction for individual retirement accounts, or IRAs. In a sweeping tax reform bill approved last week by the Senate Finance Committee, the current $2,000 maximum annual deduction for contributions would be banned for all but those not covered by a company pension plan. The plan allows individuals to continue to make contributions without having to pay taxes on the money earned from the investment.

Bipartisan support in the Senate against eliminating the basic IRA deduction has quickly emerged, although hammering out an agreement is not expected to be easy. Sen. William Roth, R-Del., says he will fight for an amendment to reinstate the IRA deduction. Without it, he said, "We will be pulling the rug out from under millions of middle-class people in this country who are trying to save."

IRA Marketers Playing Wait-and-See
Page 2

Sen. Alan Cranston, D-Calif.; Sen. Alfonse D'Amato, R-N.Y., and Sen. John Melcher, D-Mont., have all pledged to defend the deduction.

For savings institutions, IRAs have meant stable, long-term deposits. Banks and thrifts have attracted more than $70 billion of the total $225 billion in IRA investments. For example, at Homes Savings of America, Irwindale, Calif., the nation's largest thrift, IRAs account for 9% of its deposits.

Are financial lobbies in a frenzy?

Not really, said Mark Clark, a representative of the U.S. League of Savings Institutions. "There's a public uprising happening spontaneously," he said.

Receptionists in the offices of several senators reported they are receiving calls from constituents complaining about the proposed change. "It's a tremendous amount," said a staffer for Sen. Cranston.

An expensive lobbying campaign

Fight: Page 69 ➤

AN AMERICAN BANKER SPECIAL REPORT

Payments Via Automated Clearing House Network Up 20%

By TOM FERRIS

First of two parts

NEW YORK — There were 586 million electronic payments processed through the automated clearing house network last year, up by 20% from 1984, according to a survey by the *American Banker.*

The results represent the first complete figures published on clearing house transaction volume, which has long been a source of confusing and conflicting data.

The total is made up of the number of payments handled by the Federal Reserve System, plus intraregional volume of clearing houses that use private-sector processors.

The total does not include "on-us items" — electronic payments between two parties using the same bank. These transactions do not have to flow through the network but do replace checks, and replacing checks is the purpose of the automated clearing house.

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There may be 70 million to 100 million or more on-us items a year, according to guesses by knowledgeable observers who stressed that reliable research has not been done on the subject.

The survey also found that the government still initiates more electronic payments through the network than fi-

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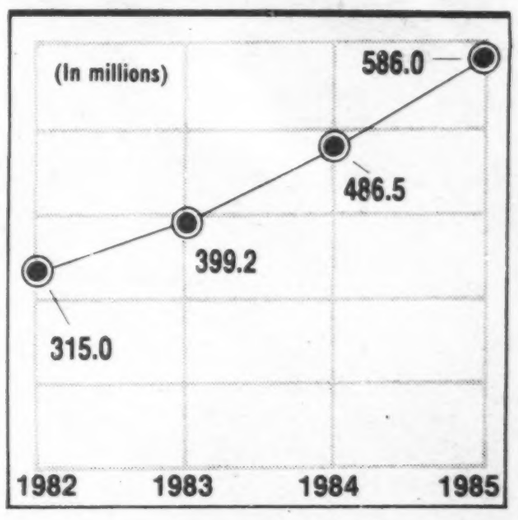
Tracing the Rise in Automated Clearing House Volume



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